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UNITY BANK OF CANADA

1976 Annual Statement



4th ANNUAL STATEMENT FOR THE YEAR ENDED OCTOBER 31, 1976

The Annual General Meeting of Shareholders

will be held in the

Confederation Room

Royal York Hotel

100 Front Street West

Toronto, Ontario

Wednesday, January 26, 1977

At eleven o'clock a.m.

HEAD OFFICE: 85 RICHMOND STREET WEST, TORONTO M5H 2C9

BOARD OF DIRECTORS

- *T. L. Avison
- *R. O. Beauchemin
- G. R. Dryden
- Z. Gutkowski
- *I. Jamieson
- L. C. Jolivet
- The Hon. J. V. LaMarsh
- *Dr. G. LaSalle
- B. V. Levinter
- F. A. Lynds
- *G. S. Mann
- *D. T. Matthews
- A. J. Pianosi
- D. R. Sutherland
- *L. Waisberg

*Member of the Executive Committee

EXECUTIVE OFFICERS

- T. L. Avison
President
- D. T. Matthews
General Manager and Chief Operating Officer
- G. R. Dryden
Secretary and General Counsel
- G. S. A. Campbell
Assistant General Manager, Credit
- J. N. Fraser
Assistant General Manager, International
- T. G. Jones
Assistant General Manager, Investments and Deposit Development
- M. G. LeClair
Assistant General Manager, Administration
- F. B. Clarke
Chief Inspector
- R. Thomas
Chief Accountant

UNITY BANK OF CANADA
STATEMENT OF REVENUE, EXPENSES AND DEFICIT
for the financial year ended October 31

	<u>1976</u>	<u>1975</u>
Revenue		
Income from loans	\$ 15,632,555	\$ 13,134,058
Income from securities	2,126,636	2,696,129
Other operating revenue	644,189	737,677
Total revenue	<u>18,403,380</u>	<u>16,567,864</u>
Expenses		
Interest on deposits	12,542,938	10,210,167
Salaries, pension contributions and other staff benefits	3,689,001	3,406,370
Property expenses, including depreciation	1,233,876	1,063,733
Other operating expenses, including provision of \$2,989,994 (\$1,273,775 in 1975) for losses on loans based on the four-year (three-year in 1975) average loss experience (Note 1)	4,446,781	2,494,326
Total expenses	<u>21,912,596</u>	<u>17,174,596</u>
Balance of loss for the year	(3,509,216)	(606,732)
Deficit at beginning of year	(1,239,929)	(633,197)
Deficit at end of year	<u>\$ (4,749,145)</u>	<u>\$ (1,239,929)</u>

UNITY BANK
STATEMENT OF ASSETS
as at C

ASSETS

	<u>1976</u>	<u>1975</u>
Cash Resources		
Cash and due from banks	\$ 20,109,660	\$ 16,813,348
Cheques and other items in transit, net	<u>1,817,301</u>	<u>1,706,824</u>
	<u>21,926,961</u>	<u>18,520,172</u>
Securities (Note 1)		
Securities issued or guaranteed by Canada, at amortized value	9,815,262	3,798,486
Securities issued or guaranteed by provinces, at amortized value	16,321,941	16,340,464
Other securities, not exceeding market value	<u>39,523</u>	<u>7,757,973</u>
	<u>26,176,726</u>	<u>27,896,923</u>
Loans		
Day, call and short loans to investment dealers and brokers, secured	15,000,000	—
Other loans, including mortgages, less provision for losses (Note 1)	114,159,962	122,745,869
	<u>129,159,962</u>	<u>122,745,869</u>
Other		
Bank premises at cost, less amounts written off	1,398,278	1,494,789
Securities of and loans to a corporation controlled by the bank	524,880	495,747
Customers' liability under acceptances, guarantees and letters of credit, as per contra	327,716	372,249
Other assets	<u>331,793</u>	<u>230,970</u>
	<u>2,582,667</u>	<u>2,593,755</u>
	<u><u>\$179,846,316</u></u>	<u><u>\$171,756,719</u></u>

G. S. Mann,
Chairman of the Board

T. L. Avison,
President

D. T. Matthews,
General Manager

OF CANADA

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LIABILITIES

Deposits

	1976	1975
Deposits by Canada	\$ 1,151,662	\$ 567,182
Deposits by provinces	4,177,533	22,100,632
Deposits by banks	5,925,495	3,187,302
Personal savings deposits payable after notice, in Canada, in Canadian currency	31,376,304	18,382,708
Other deposits	120,561,925	103,345,463
	<u>163,192,919</u>	<u>147,583,287</u>

Other

Acceptances, guarantees and letters of credit	327,716	372,249
Other liabilities	398,333	429,463
Accumulated appropriations for losses	2,071,641	2,206,797
	<u>2,797,690</u>	<u>3,008,509</u>

Shareholders' Equity

Capital Stock (Note 2)

Authorized 4,000,000 shares having a par value of \$5.00 each

Issued 3,383,557 shares	16,917,785	16,917,785
Less uncalled subscriptions	1,573,053	1,573,053
Paid up capital	15,344,732	15,344,732
Rest account	3,260,120	7,060,120
Deficit	(4,749,145)	(1,239,929)
	<u>13,855,707</u>	<u>21,164,923</u>
	<u>179,846,316</u>	<u>171,756,719</u>

4,749,145

AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITY BANK OF CANADA

We have examined the statement of assets and liabilities of Unity Bank of Canada as at October 31, 1976 and the statements of revenue, expenses and deficit, accumulated appropriations for losses and rest account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to any effect there may be on these financial statements as a consequence of the matters referred to in Note 3, these financial statements present fairly the financial position of the bank as at October 31, 1976 and its revenue, expenses and deficit, accumulated appropriations for losses and transactions in the rest account for the year ended on that date in accordance with the requirements of the Bank Act, under which a provision for losses on loans has been included in other operating expenses on the basis described in Note 1.

Alan C. Ryley, F.C.A.
of Coopers & Lybrand

Stephen Elliott, F.C.A.
of Arthur Andersen & Co.

Auditors

Toronto, Ontario
December 4, 1976

UNITY BANK OF CANADA

STATEMENT OF ACCUMULATED APPROPRIATIONS FOR LOSSES for the financial year ended October 31

	<u>1976</u>	<u>1975</u>
Accumulated appropriations at beginning of year:		
General	\$ (1,293,203)	\$ (697,621)
Tax-paid	3,500,000	1,200,000
Total	<u>2,206,797</u>	<u>502,379</u>
Additions (deductions) during year:		
Loss experience on loans less provision included in other operating expenses (Note 1)	(3,908,204)	(526,461)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	(11,546)	(68,881)
Other profits, losses and non-recurring items, net	(15,406)	(240)
Transfer from rest account	3,800,000	2,300,000
	<u>(135,156)</u>	<u>1,704,418</u>
Accumulated appropriations at end of year:		
General	(5,050,447)	(1,293,203)
Tax-paid	7,122,088	3,500,000
Total	<u>\$ 2,071,641</u>	<u>\$ 2,206,797</u>

UNITY BANK OF CANADA

STATEMENT OF REST ACCOUNT for the financial year ended October 31

	<u>1976</u>	<u>1975</u>
Balance at beginning of year	\$ 7,060,120	\$ 9,360,120
Transfer to accumulated appropriations for losses	(3,800,000)	(2,300,000)
Balance at end of year	<u>\$ 3,260,120</u>	<u>\$ 7,060,120</u>

UNITY BANK OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended October 31, 1976

1. Additional Financial Information

The provision for losses on loans has been included in other operating expenses based on an averaging formula which takes into account the loss experience over the past four (1975 — past three) fiscal years. The use of an averaging formula, which follows instructions issued pursuant to the Bank Act, results in the inclusion in expenses of a provision for losses on loans which differs from the loss experience for the year. The excess of the loss experience for the year ended October 31, 1976 over the amount included in other operating expenses as a provision for losses on loans is reflected in the statement of accumulated appropriations for losses and amounts to \$3,908,204 (1975 — \$526,461).

As required by the Bank Act, securities issued or guaranteed by Canada and by provinces are stated at amortized cost and other securities are stated at an amount not exceeding market value. These stated values and quoted market values are as follows:

	October 31, 1976		October 31, 1975	
Securities	Stated values	Quoted market values	Stated values	Quoted market values
Issued or guaranteed by Canada	\$ 9,815,262	\$ 9,799,943	\$ 3,798,486	\$ 3,781,563
Issued or guaranteed by provinces	16,321,941	15,735,057	16,340,464	15,067,613
Other	39,523	39,523	7,757,973	7,757,973
	<u>\$26,176,726</u>	<u>\$25,574,523</u>	<u>\$27,896,923</u>	<u>\$26,607,149</u>

2. Capital Stock

At October 31, 1976 and 1975 3,017,382 shares were fully paid and 366,175 shares were partly paid. The aggregate balance of uncalled subscriptions (ranging from \$4.32 to \$8.63 per share) is \$2,715,090, of which \$1,573,053 relates to capital and the balance to rest account.

Section 40(1) of the Bank Act provides that —

"Where any part of the paid-up capital is lost, the directors shall, if all the subscribed stock is not paid up, forthwith make calls upon the shareholders in an amount equal to the amount of the loss or the amount of the subscription price of the stock remaining unpaid, whichever is the lesser."

On November 29, 1976, the Directors resolved to make calls in an amount equal to the amount of the loss of paid-up capital of \$1,489,025 at October 31, 1976, payable on or before January 7, 1977.

3. Future Operations

In view of continuing losses, the Directors of the Bank are presently considering alternative plans for reorganization as a means of providing a sound financial basis for future operations.

STATEMENT OF A CONTROLLED CORPORATION UNIBAN REALTY (ST. CATHARINES) LIMITED

STATEMENT OF ASSETS AND LIABILITIES as at October 31, 1976

ASSETS

Cash	\$ 718
Accounts receivable	4,723
Land and buildings at cost, less accumulated depreciation	506,944
	<u>512,385</u>

LIABILITIES

Accounts payable and accrued liabilities	8,623
Loan from Unity Bank of Canada, secured	508,730
	<u>517,353</u>
Deficit less Capital Stock	
Deficit	(5,218)
Capital Stock	
Authorized —	
22,500 8% non-cumulative, non-voting preference shares having a par value of \$10 each	
25,000 common shares without par value	
Issued and fully paid —	
25,000 common shares	250
	<u>(4,968)</u>
	<u>\$512,385</u>

NOTE:

The Bank owns 76% of the capital stock of Uniban Realty (St. Catharines) Limited, a bank service corporation, which is carried on the books of the Bank at cost.

AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITY BANK OF CANADA

We have examined the statement of assets and liabilities of Uniban Realty (St. Catharines) Limited, a controlled corporation, as at October 31, 1976. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statement of assets and liabilities presents fairly the financial position of the corporation at October 31, 1976.

Alan C. Ryley, F.C.A.
of Coopers & Lybrand

Stephen Elliott, F.C.A.
of Arthur Andersen & Co.

} Auditors

Toronto, Ontario
December 4, 1976

DIRECTORY OF BRANCHES

ONTARIO:

Hamilton

22 King Street East

Mississauga

1855 Dundas Street East

3353 The Credit Woodlands

Ottawa

399 Elgin Street

Peterborough

270 George Street North

St. Catharines

270 St. Paul Street

Sudbury

128 Larch Street

Toronto

/ 141 Adelaide Street West

759 Broadview Avenue

747 College Street

3018 Danforth Avenue

Unity Bank Professional Centre

2 Dunbloor Road

466-468 Dundas Street West

811 Dundas Street West

124-126 Yorkville Avenue

QUEBEC:

Montreal

620 St. James Street West

MANITOBA:

Winnipeg

244 Portage Avenue

ALBERTA:

Calgary

606 - 4th Street S.W.

BRITISH COLUMBIA:

Vancouver

777 Hornby Street, Suite 1610

73 Water Street

450 Nanaimo Street

